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1972 Annual Report
First National Stores Inc.

For the year ended March 25

Finast

Financial Highlights

	52 weeks ended March 25, 1972	52 weeks ended March 27, 1971 (Note 2)
Sales	$852,748,000	$850,475,000
Income (loss) before extraordinary credit	(1,566,000)	3,511,000
Extraordinary credit	877,000	–
Net income (loss)	(689,000)	3,511,000
Per share of common stock:		
Income (loss) before extraordinary credit	(1.14)	2.55
Extraordinary credit	.64	–
Net income (loss)	(.50)	2.55
Net working capital	29,582,000	22,870,000
Total assets	152,147,000	136,342,000
Stockholders' equity	80,298,000	81,888,000
Book value per share	58.91	60.26
Number of stores	369	380

A Special Meeting in Lieu of Annual Meeting of the Shareholders will be held at the Company's Executive Offices, 5 Middlesex Avenue, Somerville, Massachusetts on Monday, July 10, 1972 at 10:00 A.M. Eastern Daylight Time. All Shareholders are cordially invited to attend.

To Our Shareholders:

Sales for fiscal 1972 totalled \$852,748,000 compared with sales of \$850,475,000 in the previous year. Net loss, after an extraordinary credit of \$877,000, amounted to \$689,000, compared to restated net earnings of \$3,511,000 the prior year when there were no extraordinary credits.

The fiscal year began with greatly increased competitive activity in a number of our trading areas and, halfway through the first quarter, we suffered a damaging strike of almost seven weeks duration which closed fifty stores in eastern Massachusetts. During the last two weeks of the strike our Somerville distribution center, which services almost half the Company's stores, was forced to close down. This strike, which ended in early July, had a significant adverse effect on sales and earnings.

In mid-August, while the Company was in the process of rebuilding a normal operation, Phase I of the Federal Government's economic controls program went into effect and our retail prices were frozen at very competitive levels. Sales growth had already slowed due in part to general economic uncertainties. The freeze was lifted during the latter part of the third fiscal quarter and replaced by a margin control. While Phase II still places a restriction on our pricing flexibility, it does allow us to reflect increases in the cost of goods in our retail prices. We are not permitted, however, to include the Company's rising labor costs and other expenses in our margins, nor can we recoup the retroactive wage increases that were allowed following the freeze. We are nevertheless in full support of the government's program to curb inflation, the effects of which have hampered our ability to cover increased costs with improved productivity.

A major effort is being made to reduce overhead expenses, to generate greater productivity in all phases of the operation, and to achieve satisfactory margins within Phase II regulations. Net loss in the first quarter was \$962,000; in the second quarter, \$695,000; in the third quarter, \$354,000; and in the fourth quarter – including favorable year-end adjustments, but not extraordinary credits – the Company had net earnings of \$445,000. Apart from year-end adjustments, we had a small profit from operations in the fourth quarter. We call your attention to the explanation of LIFO and its effect on earnings as outlined in the "Financial Review" on Page 2 of this report. The LIFO method of inventory valuation resulted in an increase in this year's loss of \$380,000, or \$.28 a share.

We have moved to strengthen our financial position. A \$10,000,000 five-year loan was arranged with our principal bank and we disposed of certain investments at a profit to improve our working capital. A favorable settlement of a long-standing real estate tax claim on our Somerville plant was obtained. The Board of Directors did not declare a dividend in either February or May in view of the terms of the loan agreement, the poor earnings, and the need to utilize every available resource in strengthening the financial structure of the business. Capital investments for the last three years have been primarily in the area of stores – updating older units and building new ones. Our improved retail locations should be of substantial help in rebuilding sales and profits.

On February 8, 1972, the Company and Katy Industries, Inc. announced that Katy had initiated exploratory discussions with our Company relative to a possible offer by Katy to First National shareholders. The broad outlines of a proposed exchange offer were announced on February 22, 1972. After full and complete discussions we announced jointly on March 28, 1972, that negotiations with respect to the offer had been terminated by mutual consent.

We are pleased to report that on May 19, 1972, Alan L. Haberman, former Executive Vice President, was elected President and Chief Executive Officer. Mr. William T. French, a nationally recognized expert in the marketing field and a director of several major corporations, joined our Board and was elected its Chairman. Mr. Hilliard J. Coan, former President, became Chairman of the Executive Committee and Mr. Adrian O'Keeffe, former Chairman, became Vice Chairman of the Board. These management changes are a continuation of the Company's long-term program of revitalization, and are the culmination of many months of planning by the Board and management. We believe they will strengthen the Company and enhance its ability to meet the challenges ahead.

Respectfully submitted,

Adrian O'Keeffe

ADRIAN O'KEEFFE
Vice Chairman of the Board

Hilliard J. Coan

HILLIARD J. COAN
Chairman of the Executive Committee

FINANCIAL REVIEW

Sales and Earnings

Consolidated sales for the year ended March 25, 1972 amounted to $852,748,000 as compared with $850,475,000 in fiscal 1971.

Operations resulted in a loss of $1,566,000 or $1.14 per share, before extraordinary credit, as compared with restated income of $3,511,000 or $2.55 per share in the prior year. An extraordinary credit of $877,000 or $.64 per share arose from the sale of the Company's investment in securities. There were no extraordinary credits in the prior year. Net loss for the year after the extraordinary credit amounted to $689,000 or $.50 per share.

Operating results for the last quarter of the fiscal year were favorably affected by year-end adjustments including an equitable adjudication of the Company's long pending suit for reduced real estate taxes on its main plant and headquarters. The financial statements for 1971 have accordingly been restated and the amount of reduction in real estate taxes applicable to prior years has been credited to retained earnings.

LIFO

The Company is one of the few publicly-owned food chains which uses the LIFO (last-in, first-out) method of inventory valuation. Since its adoption in 1942, a LIFO reserve of $14,741,000 has been accumulated. At March 25, 1972, the inventories carried in the balance sheet are stated at average current cost less the LIFO reserve in order to reflect the LIFO method of inventory valuation. Approximately one half of the LIFO reserve has reduced earnings of prior years, the other half representing the income tax benefits received by the Company. For fiscal 1972, the net LIFO charge to earnings was $380,000 or $.28 per share as compared with $727,000 or $.53 a year ago. The effect of the LIFO charge on earnings per share before extraordinary items for the last four years (as restated) is shown in the following table:

	Earnings Per Share	
	Before LIFO Effect	*After LIFO Effect*
1972 (Loss)	$(.86)	$(1.14)
1971	3.08	2.55
1970	2.35	1.84
1969	.89	.69

Sale of Investment in Securities

Between August, 1970, and September, 1971, the Company acquired, for investment purposes, 104,200 shares of Peoples Drug Stores, Incorporated at a total cost of $2,087,000. In late March, 1972, this investment was sold for $3,764,000. The gain from this sale has been reported as an extraordinary item.

Settlement of Real Estate Tax Suit

For eight years the Company has been contesting the assessed valuation of its main plant and headquarters. Real estate taxes were paid for the earliest contested years, 1964 through 1967, but by court order, the real estate taxes for 1968 through 1971 were not paid. During the years of nonpayment, real estate taxes were accrued on the basis that would have existed had no suit been commenced. In April, 1972, the lawsuit was settled determining the taxes payable for prior years. The financial statements have been restated to report the finally determined expense and liability in the proper years.

Working Capital

At the end of the previous fiscal year the Company's restated net working capital position was $22,870,000. To rebuild working capital, a five-year $10,000,000 term loan was negotiated with the Company's principal bank. In March, the Company's investment in securities was sold, further strengthening the working capital. At March 25, 1972, the net working capital amounted to $29,582,000, a current ratio of 1.53 to 1.

Capital Expenditures

The past year, as in recent years, was one which saw a strong flow of capital into our stores. Fiscal year capital expenditures totaled $11,897,000, of which $10,042,000 was expended on new stores and the enlargement and/or remodeling of older stores. In fiscal 1971 capital expenditures amounted to $16,207,000.

Dividends

Three dividends of twenty-five cents per share were declared and paid during the fiscal year. On February 22, 1972, the Board of Directors took no action with respect to a dividend which in recent years had been paid on or about April 1. Under the terms of the five year loan, there is a restriction which allows the payment of dividends equal to fifty percent of the net income earned by the Company from March 25, 1972.

Common Stock

At the Annual Meeting held on June 28, 1971, the shareholders voted to increase the authorized common stock without par value from 2,000,000 shares to 5,000,000 shares. There are no present plans for use of the increased number of shares.

REVIEW OF OPERATIONS

Record sales volume of $852,748,000 was slightly ahead of the previous year's record, but fell short of our recent past pattern of yearly increases. There were several adverse factors the most significant of which was the prolonged strike in the first quarter of the fiscal year that closed fifty of the Company's stores. Recovery from this work stoppage has been a long and costly process affecting both sales and earnings throughout the year. Average sales volume per store was well above the prior year's and we continue to concentrate on the development of greater sales volume in existing stores. This has permitted the Company to close many outmoded and unprofitable units without suffering an attendant overall decline in sales. It must be emphasized that the Company is operating in areas that are extremely competitive.

At the close of the fiscal year, the Company was operating 369 supermarkets, eleven less than a year earlier. Thirteen new supermarkets were opened during the year, seven of which were replacements of existing stores. Twenty-four stores were closed. In addition to the new units, eleven major remodels were completed, seven of which were expansions of existing sales areas. Minor remodeling was completed in a number of additional stores. Since the close of the fiscal year, three new supermarkets have been opened, and construction has started on five additional stores.

New and expanded stores give us the largest and most complete supermarkets in many of the trading areas we serve. More than 30% of the Company's supermarkets now in operation are either new or have experienced major remodeling within the last five years. The advantages that this affords the Company include expanded and more varied product lines; increased fixture capacity in high margin departments such as bakery, dairy, frozen food, and ice cream; introduction of service delicatessen, service bakery, and flower departments; significant expansion of display area allotted to non-foods; and improved overall store operation. This advent of larger stores has enhanced the Company's ability to merchandise and to compete for both sales and profit margins.

During the past year the trend away from trading stamps continued and at the close of the fiscal year, approximately 75% of the Company's sales volume was being achieved in stores not offering stamps.

Management systems have been developed and implemented during the last few years in almost every department of our stores and we are pleased with the tangible results that have been achieved. As these systems were installed and developed, and as the operation of our stores improved, the emphasis during the past year was expanded to include greater concentration on productivity goals. Initial strides in this direction have been good and increased productivity, consistent with the operational standards now established, is a major Company objective during the current year. The very competitive conditions that now exist in so many of our trading areas and the restrictions imposed on our pricing policies by the existing price regulations have served to reemphasize the necessity of operating stores and support functions more productively.

An important investment in the Company's future growth commenced during the fiscal year with the introduction of an intensive Store Manager training program. It involves a full year of training in every facet of our business and in management style. Perhaps the single most important ingredient in the operation of a high-volume supermarket today is the executive capability of the Store Manager to manage a multi-million dollar retail store effectively. The Company's present team of Store Managers is excellent and we expect that trainees in this new program will ensure a continuation of this valued asset. At the completion of the Company's first program in June, Store Manager trainees will intimately understand all the current store operation systems. They have been trained to oversee and evaluate the operation of every department within the store, how to organize their job, how to delegate responsibility, and how to develop people. They will have studied every aspect of a store's operation; they will have had extensive on-the-job training; they will have attended workshops and seminars in human relations; they will be knowledgeable and skilled in effective customer and employee relations. The Company believes strongly that its people make the difference, and this investment is further evidence of that belief.

FIRST NATIONAL STORES INC.

Consolidated Statement of Income and Retained Earnings

	52 WEEKS ENDED MARCH 25, 1972	52 WEEKS ENDED MARCH 27, 1971 (Note 2)
Sales	$852,748,000	$850,475,000
Costs and expenses:		
Cost of sales, warehousing, transportation and store occupancy expenses	721,820,000	711,969,000
Direct selling, advertising, general and administrative expenses	126,020,000	125,151,000
Depreciation and amortization (Note 3)	7,508,000	7,023,000
	855,348,000	844,143,000
Operating income (loss)	(2,600,000)	6,332,000
Other income (expense):		
Interest, net	(361,000)	(84,000)
Loss on disposal of fixed assets, net	(121,000)	(208,000)
Other	66,000	71,000
	(416,000)	(221,000)
Income (loss) before federal and state income taxes and extraordinary credit	(3,016,000)	6,111,000
Federal and state income taxes (Note 5)	1,450,000	(2,600,000)
Income (loss) before extraordinary credit	(1,566,000)	3,511,000
Extraordinary credit – gain on sale of investment, less $800,000 tax effect	877,000	––
Net income (loss)	(689,000)	3,511,000
Retained earnings at beginning of year, as previously reported	––	58,341,000
Add – prior period real estate tax adjustment, less $567,000 tax effect (Note 2)	––	614,000
Retained earnings at beginning of year, as restated	61,108,000	58,955,000
Cash dividends declared – $.75 per share in 1972 and $1.00 in 1971	(1,020,000)	(1,358,000)
Retained earnings at end of year	$ 59,399,000	$ 61,108,000
Per share of common stock (Note 6):		
Income (loss) before extraordinary credit	$(1.14)	$2.55
Extraordinary credit	.64	––
Net income (loss)	$(.50)	$2.55
Shares outstanding – weighted average	1,372,663	1,375,853

REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors and Stockholders of FIRST NATIONAL STORES INC.

In our opinion, the accompanying consolidated balance sheets and the related statements of consolidated income and retained earnings and of changes in financial position present fairly the financial position of First National Stores Inc. and its subsidiaries at March 25, 1972 and March 27, 1971, the results of their operations and the changes in financial position for the years then ended, in conformity with generally accepted accounting principles consistently applied. Our examinations of these statements were made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

225 Franklin Street
Boston, Massachusetts
May 15, 1972

PRICE WATERHOUSE & CO.

FIRST NATIONAL STORES INC.

Consolidated Balance Sheet

	MARCH 25, 1972	MARCH 27, 1971 (Note 2)
ASSETS		
Current assets:		
Cash	$ 10,323,000	$ 10,761,000
Short-term investments, at cost which approximates market	14,953,000	—
Accounts receivable, less allowance for doubtful accounts – $500,000 in 1972 and 1971	9,475,000	7,787,000
Inventories, at cost (substantially on the basis of last-in, first-out) or market whichever is lower	47,712,000	47,610,000
Prepaid expenses and other current assets	2,845,000	3,356,000
Total current assets	85,308,000	69,514,000
Fixed assets, at cost:		
Land	9,762,000	10,712,000
Buildings owned	29,741,000	30,426,000
Store fixtures, leasehold improvements, machinery and equipment	106,043,000	100,263,000
Automotive equipment	7,381,000	8,102,000
	152,927,000	149,503,000
Less – Depreciation and amortization (Note 3)	87,471,000	85,975,000
	65,456,000	63,528,000
Other assets and deferred charges	1,383,000	3,300,000
	$152,147,000	$136,342,000

LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 40,704,000	$ 32,716,000
Accrued expenses	13,959,000	12,667,000
Current portion of long-term debt	1,063,000	571,000
Dividend payable	—	340,000
Federal income taxes	—	350,000
Total current liabilities	55,726,000	46,644,000
Long-term liabilities (Note 4)	14,403,000	5,790,000
Deferred federal income taxes	1,720,000	2,020,000
Stockholders' equity (Note 6):		
Common stock, without par value:		
Authorized – 5,000,000 shares in 1972, 2,000,000 shares in 1971		
Issued – 1,655,268 shares in 1972 and 1971	31,876,000	31,919,000
Retained earnings (Note 2)	59,399,000	61,108,000
	91,275,000	93,027,000
Less – Treasury stock, at cost – 292,161 shares in 1972 and 296,460 shares in 1971	10,977,000	11,139,000
	80,298,000	81,888,000
Lease commitments (Note 7)		
	$152,147,000	$136,342,000

FIRST NATIONAL STORES INC.

Consolidated Statement of Changes in Financial Position

	52 WEEKS ENDED MARCH 25, 1972	52 WEEKS ENDED MARCH 27, 1971 (Note 2)
Financial resources were provided by:		
Income (loss) before extraordinary credit	$(1,566,000)	$ 3,511,000
Expenses not requiring outlay of working capital in the current period:		
Depreciation and amortization (Note 3)	7,508,000	7,023,000
Deferred federal income taxes	(1,100,000)	2,035,000
Other	832,000	620,000
Working capital provided by operations for the period exclusive of extraordinary credit	5,674,000	13,189,000
Working capital provided by extraordinary credit – proceeds from sale of investment	3,764,000	––
Total working capital provided by operations	9,438,000	13,189,000
Proceeds from:		
Long-term debt	10,000,000	2,179,000
Disposal of fixed assets	2,267,000	2,241,000
Exercise of stock options	106,000	26,000
	21,811,000	17,635,000
Financial resources were used for:		
Additions to fixed assets	11,897,000	16,207,000
Reduction of long-term debt	1,317,000	595,000
Cash dividends declared	1,020,000	1,358,000
Acquisition of treasury stock	––	1,250,000
Purchases of investments	386,000	1,701,000
Change in other non-current assets	439,000	(78,000)
Other	40,000	35,000
	15,099,000	21,068,000
Increase (decrease) in working capital	6,712,000	(3,433,000)
Working capital at beginning of year	22,870,000	26,303,000
Working capital at end of year	$29,582,000	$22,870,000
Analysis of changes in elements of working capital:		
Increase (decrease) in current assets:		
Cash	$ (438,000)	$ 1,037,000
Short-term investments	14,953,000	(3,092,000)
Accounts receivable	1,688,000	58,000
Inventories	102,000	(759,000)
Prepaid expenses and other current assets	(511,000)	(2,117,000)
	15,794,000	(4,873,000)
(Increase) decrease in current liabilities:		
Accounts payable	(7,988,000)	2,083,000
Accrued expenses	(1,292,000)	(58,000)
Current portion of long-term debt	(492,000)	(247,000)
Federal income taxes	350,000	12,000
Dividend payable	340,000	(350,000)
	(9,082,000)	1,440,000
Increase (decrease) in working capital	$ 6,712,000	$(3,433,000)

Notes to Financial Statements

Note 1 – Principles of Consolidation

The accompanying consolidated financial statements include the accounts of First National Stores Inc. and its subsidiaries. All intercompany transactions have been eliminated.

Note 2 – Prior Period Adjustment

In April 1972 the Company settled a lawsuit regarding the assessed valuation of its main plant and headquarters resulting in a reduction of real estate taxes paid or accrued for the years 1964 through 1971. Prior years' financial statements have been restated in accordance with the terms of the settlement. Retained earnings at March 28, 1970 has been increased by the amount of the settlement applicable to fiscal years prior to that date amounting to $1,181,000, less $567,000 representing the related income tax effect. Net income for the year ended March 27, 1971 has been increased by $121,000 ($.09 per share) as a result of the settlement.

Note 3 – Depreciation and Amortization Policies

For financial statement purposes, depreciation and amortization are computed by the straight-line method for assets acquired after March 26, 1966 and primarily by the sum-of-the-years digits method for previous acquisitions. Estimated useful lives are:

Buildings owned	20 – 50 years
Store fixtures, leasehold improvements, machinery and equipment	8 – 25 years
Automotive equipment	3 – 8 years

Note 4 – Long-term Liabilities

Long-term liabilities consist of the following (in thousands of dollars):

	1972	1971
4.70% notes, due in equal semi-annual instalments of $267,000 to 1976	$ 2,126	$ 2,660
Bank loan, payable from 1973 to 1977 with interest at ½% above prime (5¼% rate at March 25, 1972)	10,000	–
Mortgage notes payable, maturing at various dates to 1992 with interest at rates ranging principally from 5¾% to 6%	2,448	2,739
	14,574	5,399
Less – current portion	1,063	571
Total long-term debt	13,511	4,828
Deferred compensation and other	892	962
Total long-term liabilities	$14,403	$ 5,790

The bank loan agreement contains provisions whereby the Company is prohibited from exceeding certain levels of capital expenditures and is required to maintain minimum working capital and tangible net worth amounts. The most restrictive terms of the agreements covering the 4.70% notes and bank loan restrict payment of dividends and acquisitions of the Company's stock to fifty percent of consolidated net income after March 25, 1972. Aggregate maturities of long-term debt during the next five years are: 1973 – $1,063,000, 1974 – $1,330,000, 1975 – $3,820,000, 1976 – $3,764,000 and 1977 – $3,508,000.

Note 5 – Federal and State Income Taxes

The provision for federal and state income taxes comprises (in thousands of dollars):

	1972	1971
Income taxes currently payable (refundable)	$(350)	$ 565
Deferred income taxes	(1,100)	2,035
	$(1,450)	$2,600

The federal income tax provisions for 1972 and 1971 have been made on the basis of the taxes which would have been payable (or refundable) based on book income (or loss) for those years, reduced by investment tax credits of $225,000 for 1971.

The net balance of deferred income taxes represents the tax effect of timing differences in reporting income and expenses for book and tax purposes, primarily as a result of the use of accelerated depreciation for tax purposes.

At March 25, 1972 the Company had approximately $1,500,000 of unused investment tax credits available for carryforward to future years, of which $450,000 has been recognized for book purposes. These carryforwards expire as follows: 1978 – $400,000, 1979 – $800,000 and 1980 – $300,000.

Note 6 – Stock Options and Deferred Compensation

In fiscal 1972 the stockholders approved a new stock option plan under which options to purchase 65,000 shares of the Company's stock may be granted to qualified officers and employees at prices not less than the fair market value of the stock on the date of grant. As of March 25, 1972 no options were granted under this plan.

Under a previous plan, options to purchase 58,400 shares of stock were outstanding at March 27, 1971; no additional options may be granted under this plan. During 1972 options were exercised to purchase 3,900 shares at prices ranging from $27.125 to $30.50 per share and options to purchase 11,200 shares terminated. The $41,000 excess of the average cost of the treasury shares issued over the option price for options exercised has been charged to common stock; during 1971 such excess amounted to $5,000. At March 25, 1972 options to purchase 43,300 shares were outstanding at prices ranging from $29.75 to $54.86 per share, an aggregate of $1,346,000, of which options for 28,587 shares were then exercisable. The options become exercisable in four equal annual instalments beginning one year after they are granted.

During the two years ended March 25, 1972, 9,833 shares of common stock were allotted to participants in the Company's deferred compensation plan of which 399 shares of treasury stock were issued during 1972 and 354 shares in 1971. The average cost of the treasury shares so issued exceeded the amount of compensation accrued by $2,000 during each year; such excesses were charged to the common stock account. The 9,080 shares allotted but not issued at March 25, 1972 are issuable in future years. In accordance with the provisions of the plan no deferred compensation was recorded for fiscal 1972.

The dilutive effect of shares issuable under the option plan and allotted under the deferred compensation plan have been considered for purposes of computing earnings per share.

Note 7 – Lease Commitments

At March 25, 1972 the Company was committed under long-term leases for operating stores and other real property which provide for minimum annual rentals of approximately $11,200,000, exclusive of real estate taxes and other expenses or additional rentals based on percentage of sales. Of the minimum annual rental commitment, approximately 58% related to leases expiring within 10 years and approximately 79% to leases expiring within 15 years. The minimum annual rentals for closed store properties approximate $650,000, which amount has been reduced by rentals under sub-lease arrangements. Substantially all of the leases covering closed store properties expire within 10 years.

Note 8 – Pensions

The Company maintains a trusteed noncontributory pension plan for employees who are not covered by union pension plans. The Company's plan is fully funded and no contribution to the fund nor provision for pension expense for the year is required. Actuarial gains resulting principally from the transfer of employees to various union plans and unrealized appreciation in the fund are being amortized over 10 year periods from the date of occurrence. Since 1966 no charges have been made for pension costs, other than contributions to union pension plans, because of such amortization. As of the most recent valuation date, the fund assets exceeded the actuarially computed value of vested benefits.

Total pension cost charged to earnings representing contributions to union plans was $2,850,000 in 1972 and $2,342,000 in 1971.

FIRST NATIONAL STORES INC. Five-Year Review (in thousands of dollars)

Fiscal years ended in March

	1972	*1971* (Note 2)	*1970* (Note 2)	*1969* (Note 2)	*1968* (Note 2)
Operations					
Sales	$852,748	$850,475	$770,780	$692,125	$640,116
Income (loss) before extraordinary credits	(1,566)	3,511	2,740	1,110	(6,541)
Extraordinary credits	877	—	1,841	240	—
Net income (loss)	(689)	3,511	4,581	1,350	(6,541)
Financial Position					
Current assets	85,308	69,514	74,387	75,046	66,611
Current liabilities	55,726	46,644	48,083	38,977	30,965
Net working capital	29,582	22,870	26,304	36,069	35,646
Ratio of current assets to current liabilities	1.53	1.49	1.55	1.93	2.15
Fixed assets, net	65,456	63,528	56,789	50,800	51,624
Total assets	152,147	136,342	133,478	128,934	123,068
Long-term debt	13,511	4,828	3,244	3,461	3,995
Stockholders' equity	80,298	81,888	80,947	86,040	85,091
Per Share of Common Stock					
Income (loss) before extraordinary credits	(1.14)	2.55	1.84	.69	(4.07)
Extraordinary credits	.64	—	1.24	.15	—
Net income (loss)*	(.50)	2.55	3.08	.84	(4.07)
Cash dividends declared	.75	1.00	1.00	.25	.50
Stockholders' equity	58.91	60.26	57.51	53.60	53.01
Other Data					
Capital expenditures, net	9,630	13,966	12,757	5,306	5,140
Depreciation and amortization	7,508	7,023	6,769	7,027	7,634
Shares of common stock outstanding (at year end)	1,363,107	1,358,808	1,407,604	1,605,204	1,605,204
Number of stores (at year end)	369	380	413	444	481

*Based on the weighted average of shares outstanding during the year.

Directors

FRANCIS H. BURR, *Partner, Ropes & Gray, Attorneys (1)*
*HILLIARD J. COAN, *Chairman of the Executive Committee*
MAURICE T. FREEMAN, *Investment Trustee*
*WILLIAM T. FRENCH, *Chairman of the Board*
*ALAN L. HABERMAN, *President and Chief Executive Officer*
JOHN E. LAWRENCE, *Proprietor, James Lawrence & Co.*
JOHN F. LEBOR, *Director of Several Corporations*
EDWARD A. MERKLE, *President, Madison Fund, Inc.*
ADRIAN O'KEEFFE, *Vice Chairman of the Board*
BERNARD M. O'KEEFFE, *Former Purchasing Executive*

(1) Mr. Burr resigned May 19, 1972, to provide a seat for Mr. French and is standing for re-election at the Annual Meeting.

* Member of Executive Committee

Officers

WILLIAM T. FRENCH, *Chairman of the Board*
ADRIAN O'KEEFFE, *Vice Chairman of the Board*
HILLIARD J. COAN, *Chairman of the Executive Committee*
ALAN L. HABERMAN, *President and Chief Executive Officer*
AUSTIN F. LYNE, *Vice President*
KERRY R. LYNE, *Vice President, Clerk and General Counsel*
JOHN W. MacNEIL, *Vice President*
JOSEPH H. McCARTHY, *Senior Vice President – Supermarkets*
RICHARD M. O'KEEFFE, *Vice President*
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